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Part III

Department of the Interior

Bureau of Land Management

Outer Continental Shelf; Gulf of Mexico, Oil and Gas Lease Sale No. 66

4310-84

UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Land Management

Outer Continental Shelf
Gulf of Mexico

Oil and Gas Lease Sale No. 66

1. Authority. This notice is published pursuant to the Outer Continental Shelf Lands Act of 1953 (43 U.S.C. 1331-1343), as amended (92 Stat. 629), and the regulations issued thereunder (43 CFR Part 3300).

2. Filing of Bids. Sealed bids will be received by the Manager, New Orleans Outer Continental Shelf (OCS) Office, Bureau of Land Management, Hale Boggs Federal Building, 500 Camp Street, Suite 841, New Orleans, Louisiana 70130. Bids may be delivered, either by mail or in person, to the above address until 4:15 p.m., c.s.t., October 19, 1981; or by personal delivery to Louisiana Superdome, Gate "A," Main Entrance, Rooms 19, 20, and 21, Level 200, 1500 Poydras Street, New Orleans, Louisiana, between 8:30 a.m., c.s.t. and 9:30 a.m., c.s.t., October 20, 1981. Bids received by the Manager later than the times and dates specified above will be returned unopened to the bidders. Bids may not be modified or withdrawn unless written modification or withdrawal is received by the Manager prior to 9:30 a.m., c.s.t., October 20, 1981. All bids must be submitted and will be considered in accordance with applicable regulations, including 43 CFR Part 3300. The list of restricted joint bidders which applies to this sale was published in 46 FR 22270, April 16, 1981.

3. Method of Bidding. A separate bid in a sealed envelope, labeled "Sealed Bid for Oil and Gas Lease (insert number of tract), not to be opened until 10:00 a.m., c.s.t., October 20, 1981," must be submitted for each tract. A suggested form appears in 43 CFR Part 3300, Appendix A, for bonus bid tracts. Bidders are advised that tract numbers are assigned solely for administrative purposes and are not the same as block numbers found on official protraction diagrams or leasing maps. All bids received shall be deemed submitted for a numbered tract. Bidders must submit with each bid one-fifth of the cash bonus in cash or by cashier's check, bank draft, or certified check payable to the order of the Bureau of Land Management. No bid for less than a full tract as described in paragraph 12 will be considered. Bidders submitting joint bids must state on the bid form the proportionate interest of each participating bidder, in percent to a maximum of three decimal places after the decimal point, e.g., 50.123%, as well as submit a sworn statement that the bidder is not disqualified under 43 CFR Subpart 3316. The suggested form for this statement to be used in joint bids appears in 43 CFR Part 3300, Appendix B. Other documents may be required of bidders under 43 CFR 3316.4. Bidders are warned against violation of 18 U.S.C. 1860, prohibiting unlawful combination or intimidation of bidders.

4. Bidding Systems. The proposed notice of sale for Sale 66 included 32 tracts to be offered under net profit share bidding with a fixed cash bonus. Meanwhile the Supreme Court granted certiorari to review the decision of the U.S. Court of Appeals for the District of Columbia Circuit in Energy Action Educational Foundation v. Andrus, No. 79-1633. On June 12, 1981, the Court of Appeals ruled that experimentation with the net profit share bid system is not required prior to a decision by the Supreme Court. As a result, no tracts will be offered under net profit share bidding with a fixed cash bonus for Sale 66.

All leases awarded for this sale will provide for a yearly rental payment of $3 per acre or fraction thereof. The following systems will be utilized.

(a) Bonus Bidding with a Fixed Net Profit Share: Bids on tracts 66-10, 66-11, 66-19, 66-20, 66-21, 66-22, 66-32, 66-33, 66-46, 66-48, 66-49, 66-88, 66-90 through 66-97, 66-100, 66-101, 66-104 through 66-107, 66-113, 66-114, 66-119, 66-120, 66-163, 66-164, 66-167 through 66-184, 66-188, 66-189, 66-190, 66-193 through 66-196, 66-199 through 66-202, and 66-205 through 66-208 must be submitted on a cash bonus basis with a fixed net profit share rate of 50 percent.

Tracts 66-10, 66-11, 66-104, 66-105, and 66-113 will have a capital recovery factor equal to 1.0. Tracts 66-100, 66-101, 66-106, 66-107, 66-114, 66-119, and 66-120 will have a capital recovery factor of 0.50. All of the remaining tracts listed in this paragraph will have a capital recovery factor equal to 0.25. The net profit share payment shall be calculated according to the Department of Energy regulations in 10 CFR 390 (45 FR 36784, May 30, 1980).

(b) Bonus Bidding with a 16-2/3 Percent Royalty. Bids on the remaining tracts to be offered at this sale must be submitted on a cash bonus basis with a fixed royalty of 16-2/3 percent. All leases awarded under this system will provide for a minimum royalty payment of $3 per acre or fraction thereof.

5. Equal Opportunity. Each bidder must have submitted by 9:30 a.m., c.s.t., October 20, 1981, the certification required by 41 CFR 60-1.7(b) and Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, on the Compliance Report Certification Form, Form 1140-8 (November 1973), and the Affirmative Action Representation Form, Form 1140-7 (December 1971).

Revisions of Department of Labor regulations on Affirmative Action requirements for Government contractors (including lessees) have been deferred, pending review of those regulations (see Federal Register of August 25, 1981, at 46 F.R. 42865 and 42968). Should those changes become effective at any time before the issuance of leases resulting from this sale, Section 18 of the lease form, Form 3300-1 (September 1978), would be deleted from leases resulting from this sale. In addition, existing stocks of the Affirmative Action Forms contain language that would be superseded by the revised regulations at 41 CFR 60-1.5(a)(1) and 60-1.7(a)(1).

Pending the issuance of revised versions of Forms 1140-7 and 1140-8 by the Bureau of Land Management, submission of Form 1140-7 (December 1971) and Form 1140-8 (November 1973) will not invalidate an otherwise acceptable bid, and the revised regulations' requirements will be deemed to be part of the existing Affirmative Action Forms.

6. Bid Opening. Bids will be opened on October 20, 1981, beginning at 10:00 a.m., c.s.t., at the Louisiana Superdome, at the second address stated in paragraph 2. The opening of the bids is for the sole purpose of publicly announcing bids received, and no bids will be accepted or rejected at that time. If the Department is prohibited for any reason from opening any bid before midnight, October 20, 1981, that bid will be returned unopened to the bidder, as soon thereafter as possible.

7. Deposit of Payment. Any cash, cashier's checks, certified checks, or bank drafts submitted with a bid may be deposited in a suspense account in the U.S. Treasury during the period the bids are being considered. Such a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States.

8. Withdrawal of Tracts. The United States reserves the right to withdraw any tract from this sale prior to issuance of a written acceptance of a bid for the tract.

9. Acceptance or Rejection of Bids. The United States reserves the right to reject any and all bids for any tract. In any case, no bid for any tract will be accepted and no lease for any tract will be awarded to any bidder unless:

(a) The bidder has complied with all requirements of this notice and applicable regulations;

(b) The bid is the highest valid bid; and

(c) The amount of the bid has been determined to be adequate by the Secretary of the Interior.

No bid will be considered for acceptance unless it provides for a cash bonus in the amount of $25 or more per acre or fraction thereof.

10. Successful Bidders. Each person who has submitted a bid accepted by the Secretary of the Interior will be required to execute copies of the lease specified below, pay the balance of the cash bonus together with the first year's rental, and satisfy the bonding requirements of 43 CFR Subpart 3318 within the time provided in 43 CFR 3316.5.

11. Leasing Maps/Official Protraction Diagrams. Tracts offered for lease may be located on the following leasing maps/official protraction diagrams which are available from the Manager, New Orleans Outer Continental Shelf Office, at the first address stated in paragraph 2.

(a) Outer Continental Shelf Leasing Maps - Louisiana Nos. 1 through 12. This set of 27 maps sells for $17.

(b) Outer Continental Shelf Official Protraction Diagrams:

NH 16-7 Viosca Knoll

NH 16-8 Destin Dome

NH 15-12 Ewing Bank

NH 16-10 Mississippi Canyon

NG 15-3 Green Canyon

NG 16-6

NG 17-4 Charlotte Harbor

These sell for $2 each.

12. Tract Descriptions. Note: There may be gaps in the numbers of the tracts listed. Some of the blocks identified in the final environmental statement may not be included in this notice. Some of the blocks are included in prior environmental statements rather than the environmental statement prepared for this sale.

The tracts offered for bid are as follows:

TRACT LIST

SALE 66

OCS LEASING MAP, EUGENE ISLAND AREA, LOUISIANA MAP NO. 4
(Approved June 8, 1954; Revised July 22, 1954)

Tract	Block	Description	Acreage
66-1	41	All	5000
66-2	42	All	5000
66-3	50	All	5000
66-4	55	All	5000
66-5	98	All	5000
66-6	106	All	5000
66-7	151	All	5000
66-8	152	All	5000
66-9	154	All	5000
66-10	163	All	5000
66-11	164	All	5000
66-12	263	All	5000

OCS LEASING MAP, EUGENE ISLAND AREA, SOUTH ADDITION, LOUISIANA MAP NO. 4A
(Approved September 8, 1959)

Tract	Block	Description	Acreage
66-13	279	All	5000
66-14	280	All	5000
66-15	320	All	5000

OCS LEASING MAP, SHIP SHOAL AREA, LOUISIANA MAP NO. 5
(Approved June 8, 1954)

Tract	Block	Description	Acreage
66-16	10	1/	4131.67
66-17	25	2/	3172.98
66-18	35	All	5000
66-19	78	All	5000
66-20	81	All	5000
66-21	101	All	5000
66-22	102	All	5000
66-23	128	All	5000
66-24	139	All	4913.33
66-25	231	All	5000

OCS LEASING MAP, SHIP SHOAL AREA, SOUTH ADDITION, LOUISIANA MAP NO. 5A
(Approved September 8, 1959)

Tract	Block	Description	Acreage
66-26	251	All	5000
66-27	268	All	5000
66-28	277	All	5000
66-29	278	All	5000
66-30	289	All	5000
66-31	302	All	5000
66-32	322	All	5000
66-33	323	All	5000

OCS LEASING MAP, SOUTH TIMBALIER AREA, LOUISIANA MAP NO. 6
(Approved June 8, 1954; Revised July 22, 1954; Revised December 9, 1954)

Tract	Block	Description	Acreage
66-34	47	All	5000
66-35	48	All	5000
66-36	49	All	5000
66-37	68	All	5000
66-38	69	All	3772.18
66-39	70	All	5000
66-40	71	All	5000
66-41	78	All	5000
66-42	79	All	5000
66-43	80	All	3772.18
66-44	147	All	5000
66-45	182	All	2148.46

OCS LEASING MAP, SOUTH TIMBALIER AREA, SOUTH ADDITION, LOUISIANA MAP NO. 6A
(Approved September 8, 1959; Revised July 22, 1968)

Tract	Block	Description	Acreage
66-46	217	All	5000
66-47	219	All	5000
66-48	292	All	5000
66-49	293	All	5000
66-50	297	All	5000
66-51	298	All	5000
66-52	299	All	4503.30

OCS LEASING MAP, GRAND ISLE AREA, LOUISIANA MAP NO. 7
(Approved June 8, 1954)

Tract	Block	Description	Acreage
66-53	29	S½	2500

OCS LEASING MAP, WEST DELTA AREA, LOUISIANA MAP NO. 8
(Approved June 8, 1954)

Tract	Block	Description	Acreage
66-54	28	S½S½	1250
66-55	67	N½	2500
66-56	85	1/	2629.90

OCS LEASING MAP, WEST DELTA AREA, SOUTH ADDITION, LOUISIANA MAP NO. 8A
(Approved September 8, 1959; Revised November 24, 1961)

Tract	Block	Description	Acreage
66-57	111	All	5000

OCS LEASING MAP, SOUTH PASS AREA, LOUISIANA MAP NO. 9
(Approved June 8, 1954; Revised July 22, 1954; Revised May 11, 1973)

Tract	Block	Description	Acreage
66-58	44	All	4999.96
66-59	46	All	4999.96
66-60	50	All	4999.96
66-61	51	All	4999.96

OCS LEASING MAP, MAIN PASS AREA, LOUISIANA MAP NO. 10
(Approved June 8, 1954; Revised July 22, 1954)

Tract	Block	Description	Acreage
66-62	27	All	4994.55
66-63	28	All	4994.55
66-64	29	All	4994.55
66-65	30	All	4994.55
66-66	39	All	4994.55
66-67	55	1/	912.48
66-68	56	1/	4898.82
66-69	57	S½	2497.77
66-70	63	All	4994.55
66-71	64	1/	4988.25
66-72	100	N½; N½N½S½; SE¼NE¼SE¼; E½SE¼SE¼	3355.713
66-73	110	All	4994.55
66-74	117	All	4994.55
66-75	119	All	4994.55
66-76	L24	All	4994.55
66-77	125	All	4994.55
66-78	130	All	4994.55
66-79	131	All	4994.55
66-80	137	All	4994.55
66-81	138	All	4994.55
66-82	139	All	4994.55
66-83	141	All	4994.55

OCS LEASING MAP, MAIN PASS AREA, SOUTH AND EAST ADDITION,
LOUISIANA MAP NO. 10A
(Approved September 8, 1959)

Tract	Block	Description	Acreage
66-84	206	All	4994.55
66-85	207	All	4994.55
66-86	235	All	4994.55
66-87	238	All	4994.55
66-88	266	All	4994.55
66-89	273	All	4994.55
66-90	277	All	4994.55
66-91	278	All	4994.55

OCS OFFICIAL PROTRACTION DIAGRAM, VIOSCA KNOLL NH 16-7
(Approved October 10, 1972; Revised February 15, 1973; Revised August 1, 1973; Revised December 2, 1976)

Tract	Block	Description	Acreage
66-92	204	All	5760
66-93	249	All	5760
66-94	250	All	5760
66-95	251	All	5659.67
66-96	294	All	5760
66-97	295	All	5760
66-98	522	All	5760
66-99	566	All	5221.36
66-100	816	All	5760
66-101	817	All	

OCS OFFICIAL PROTRACTION DIAGRAM, DESTIN DOME NH 16-8
(Approved October 10, 1972; Revised August 1, 1973; Revised December 2, 1976)

Tract	Block	Description	Acreage
66-102	485	All	5760
66-103	530	All	5760

OCS OFFICIAL PROTRACTION DIAGRAM, EWING BANK NH 15-12
(Approved February 15, 1973; Revised December 2, 1976)

Tract	Block	Description	Acreage
66-104	349	All	5688.15
66-105	350	All	2964.93
66-106	438	All	3542.89
66-107	482	All	3831.26
66-108	828	All	3730.68
66-109	872	All	5760

OCS OFFICIAL PROTRACTION DIAGRAM, MISSISSIPPI CANYON NH 16-10
(Approved February 15, 1973; Revised December 2, 1976)

Tract	Block	Description	Acreage
66-110	20	All	2508.86
66-111	21	All	5164.76
66-112	64	All	5286.78
66-113	309	All	5760
66-114	397	All	5760

OCS OFFICIAL PROTRACTION DIAGRAM, GREEN CANYON NG 15-3
(Approved February 15, 1973; Revised December 2, 1976)

Tract	Block	Description	Acreage
66-117	18	All	5760
66-118	62	All	5760
66-119	148	All	5760
66-120	192	All	5760

OCS OFFICIAL PROTRACTION DIAGRAM, NG 16-6
(Approved June 5, 1974; Revised December 2, 1976)

Tract	Block	Description	Acreage
66-121	172	All	3226.88
66-122	215	All	5760
66-123	216	All	3498.97
66-124	260	All	3770.65
66-125	304	All	4041.93
66-126	347	All	5760
66-127	348	All	4312.78
66-128	391	All	5760
66-129	392	All	4583.23
66-130	612	All	5760
66-131	655	All	5760
66-132	656	All	

OCS OFFICIAL PROTRACTION DIAGRAM, CHARLOTTE HARBOR NG 17-4
(Approved October 10, 1972; Revised December 2, 1976)

Tract	Block	Description	Acreage
66-133	57	All	5760
66-134	58	All	5760
66-135	100	All	5760
66-136	101	All	5760
66-137	102	All	5760
66-138	135	All	5760
66-139	136	All	5760
66-140	146	All	5760
66-141	177	All	5760
66-142	178	All	5760
66-143	179	All	5760
66-144	180	All	5760
66-145	189	All	5760
66-146	190	All	5760
66-147	222	All	

OCS OFFICIAL PROTRACTION DIAGRAM, CHARLOTTE HARBOR NG 17-4
(Approved October 10, 1972; Revised December 2, 1976)
(Continued)

Tract	Block	Description	Acreage
66-148	223	All	5760
66-149	224	All	5760
66-150	232	All	5760
66-151	233	All	5760
66-152	267	All	5760
66-153	275	All	5760
66-154	276	All	5760
66-155	309	All	5760
66-156	310	All	5760
66-157	353	All	5760
66-158	397	All	5760
66-159	398	All	5760
66-160	399	All	5760
66-161	400	All	5760
66-162	401	All	5760
66-163	406	All	5760
66-164	407	All	5760
66-165	444	All	5760
66-166	445	All	5760
66-167	450	All	5760
66-168	451	All	5760
66-169	488	All	5760
66-170	489	All	5760
66-171	490	All	5760
66-172	491	All	5760
66-173	492	All	5760
66-174	494	All	5760
66-175	495	All	5760
66-176	533	All	5760
66-177	534	All	5760
66-178	535	All	5760
66-179	536	All	5760
66-180	577	All	5760
66-181	578	All	5760
66-182	579	All	5760
66-183	580	All	5760
66-184	581	All	5760
66-185	584	All	5760
66-186	585	All	5760
66-187	586	All	5760
66-188	621	All	5760
66-189	622	All	5760
66-190	623	All	5760
66-191	629	All	5760
66-192	630	All	5760

OCS OFFICIAL PROTRACTION DIAGRAM, CHARLOTTE HARBOR NG 17-4
(Approved October 10, 1972; Revised December 2, 1976)
(Continued)

Tract	Block	Description	Acreage
66-193	665	All	5760
66-194	666	All	5760
66-195	667	All	5760
66-196	668	All	5760
66-197	673	All	5760
66-198	674	All	5760
66-199	709	All	5760
66-200	710	All	5760
66-201	711	All	5760
66-202	712	All	5760
66-203	717	All	5760
66-204	718	All	5760
66-205	753	All	5760
66-206	754	All	5760
66-207	755	All	5760
66-208	756	All	5760
66-209	759	All	5760
66-210	760	All	5760
66-211	761	All	5760

1/ That portion of the lease block which is more than three geographical miles seaward from the line described in the supplemental decree of the U.S. Supreme Court, June 16, 1975 (United States vs. Louisiana, 422 U.S. 13).

2/ That portion of the lease block which is more than three geographical miles seaward from the line described in the supplemental decree of the U.S. Supreme Court, June 16, 1975 (United States vs. Louisiana, 422 U.S. 13), excluding any valid Federal lease.

13. Lease Terms and Stipulations. All leases issued as a result of this sale will be for an initial term of 5 years. Leases issued as a result of this sale will be on Form 3300-1 (September 1978), available from the Manager, New Orleans Outer Continental Shelf Office, at the first address stated in paragraph 2.

(a) For leases resulting from this sale for tracts offered on a cash bonus basis with a fixed net profit share, listed in paragraph 4 (a), Form 3300-1 will be amended as follows:

Sec. 4. Rentals. The phrase "which commences prior to a discovery in paying quantities of oil or gas on the leased area" is hereby deleted and replaced by "which commences prior to the date the first net profit share payment becomes due."

Sec. 5. Minimum Royalty. Hereby deleted.

Sec. 6. Royalty on Production. Hereby replaced by Net Profit Share. The lessee agrees to pay a net profit share rate of _____ percent with a ____ capital recovery factor, calculated pursuant to 10 CFR 390.

(b) Except as otherwise noted, the following stipulations will be included in each lease resulting from this sale. In the following stipulations, the term DCM refers to the Deputy Conservation Manager, Offshore Field Operations, Gulf of Mexico OCS Region, U. S. Geological Survey, and the term Manager refers to the Manager of the New Orleans OCS Office of the Bureau of Land Management.

Stipulation No. 1

If the DCM, having reason to believe that a site, structure, or object of historical or archaeological significance (hereinafter referred to as "cultural resource") may exist in the lease area, gives the lessee written notice that the lessor is invoking the provisions of this stipulation, the lessee shall upon receipt of such notice comply with the following requirements:

Prior to any drilling activity or the construction or placement of any structure for exploration or development on the lease, including, but not limited to, well drilling and pipeline and platform placement, (hereinafter referred to as "operation"), the lessee shall conduct remote sensing surveys to determine the potential existence of any cultural resource that may be affected by such operations. All data produced by such remote sensing surveys, as well as other pertinent natural and cultural environmental data, shall be examined by a qualified marine survey archaeologist to determine if indicators are present suggesting the existence of a cultural resource that may be adversely affected by any lease operation. A report of this survey and assessment prepared by the marine survey archaeologist shall be submitted by the lessee to the DCM and to the Manager for review.

If such cultural resource indicators are present, the lessee shall: (1) locate the site of such operation so as not to adversely affect the identified location; or (2) establish, to the satisfaction of the DCM, on the basis of further archaeological investigation conducted by a qualified marine survey archaeologist or underwater archaeologist using such survey equipment and techniques as deemed necessary by the DCM, either that such operation will not adversely affect the location identified or that the potential cultural resource suggested by the occurrence of the indicators does not exist.

A report of this investigation prepared by the marine survey archaeologist or underwater archaeologist shall be submitted to the DCM and the Manager for review. Should the DCM determine that the existence of a cultural resource which may be adversely affected by such operation is sufficiently established to warrant protection, the lessee shall take no action that may result in an adverse effect on such cultural resource until the DCM has given directions as to its preservation.

The lessee agrees that if any site, structure, or object of historical or archaeological significance should be discovered during the conduct of any operations on the leased area, he shall report immediately such findings to the DCM and make every reasonable effort to preserve and protect the cultural resource from damage until the DCM has given directions as to its preservation.

Stipulation No. 2

(To be included only in leases resulting from this sale for tracts 66-121 through 66-211).

Prior to any drilling activity or the construction or placement of any structure for exploration or development on this lease, including but not limited to well drilling and pipeline and platform placement, the lessee will submit to the DCM, as part of his exploration and/or development plan, a bathymetry map, prepared utilizing remote sensing and/or other survey techniques. This map will include interpretations for the presence of live bottom areas within a minimum radius of 1,820 meters of the proposed exploration or production activity site.

For the purpose of this stipulation, "live bottom areas" are defined as those areas which concern biological assemblages consisting of such sessile invertebrates as sea fans, sea whips, hydroids, anemones, ascidians, sponges, bryozoans, or corals living upon and attached to naturally occurring hard or rocky formations with rough broken or smooth topography; or whose lithotope favors the accumulation of turtles, fishes, and other fauna.

If it is determined that the remote sensing data indicate the presence of hard or live bottom areas, the lessee will also submit to the DCM photo-documentation of the sea bottom near proposed exploratory drilling sites or proposed platform locations.

If it is determined that live bottom areas might be adversely impacted by the proposed activities, then the DCM will require the lessee to undertake any measure deemed economically, environmentally, and technically feasible to protect live bottom areas. These measures may include, but are not limited to, the following:

(a) The relocation of operations to avoid live bottom areas;
(b) The shunting of all drilling fluids and cuttings in such a manner as to avoid live bottom areas;
(c) The transportation of drilling fluids and cuttings to approved disposal sites; and
(d) The monitoring of live bottom areas to assess the adequacy of any mitigating measures taken and the impact of lessee initiated activities.

Stipulation No. 3

(To be included only in leases resulting from this sale for tracts 66-121 through 66-211).

Whether or not compensation for such damage or injury might be due under a theory of strict or absolute liability or otherwise, the lessee assumes all risks of damage or injury to persons or property, which occur in, on, or above the Outer Continental Shelf, to any persons or to any property of any person or persons who are agents, employees or invitees of the lessee, its agents, independent contractors, or subcontractors doing business with the lessee in connection with any activities being performed by the lessee in, on, or above the Outer Continental Shelf if such injury or damage to such person or property occurs by reason of the activities of any agency of the U. S. Government, its contractors or subcontractors, or any of their officers, agents, or employees, being conducted as a part of, or in connection with the programs and activities of the Armament Division, Eglin AFB, FL.

Notwithstanding any limitation of the lessee's liability in Sec. 14 of the lease, the lessee assumes this risk whether such injury or damage is caused in whole or in part by any act or omission, regardless of negligence or fault of the United States, its contractors or subcontractors, or any of their officers, agents, or employees. The lessee further agrees to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by the lessee, and its agents, employees, or invitees, or any independent contractors or subcontractors doing business with the lessee in connection with the programs and activities of the aforementioned military installation whether the same be caused in whole or in part by the negligence or fault of the United States, its contractors, subcontractors, or any of their officers, agents, or employees and whether such claims might be sustained under a theory of strict or absolute liability or otherwise.

The lessee agrees to control his own electromagnetic emissions and those of his agents, employees, invitees, independent contractors or subcontractors emanating from individual designated defense warning areas in accordance with requirements specified by the commander of the Armament Division of Eglin AFB, FL, to the degree necessary to prevent damage to, or unacceptable interference with, Department of Defense flight, testing, or operational activities conducted within designated warning areas.

Necessary monitoring control, and coordination with the lessee, its agents, employees, invitees, independent contractors or subcontractors, will be effected by the commander of the appropriate onshore military installation conducting operations in the particular warning area, provided, however, that control of such electromagnetic emissions shall in no instance prohibit all manner of electromagnetic communication during any period of time between a lessee, its agents, employees, invitees, independent contractors or subcontractors and onshore facilities.

The lessee when operating or causing to be operated on its behalf boat or aircraft traffic into the individual designated warning areas shall enter into an agreement with the commander of the Armament Division, Eglin AFB, FL, on utilizing an individual designated warning area prior to commencing such traffic. Such agreement will provide for positive control of boats and aircraft operating in the warning areas at all times.

Stipulation No. 4

(To be included only in leases resulting from this sale for tracts 66-32, 66-33, 66-48, 66-49, 66-50, 66-52, 66-56 through 66-61, 66-106 through 66-112, 66-114, and 66-117 through 66-120).

Portions of this lease may be subject to mass movement of sediments. Exploratory drilling operations, emplacement of structures (platforms) or seafloor wellheads for production or storage of oil or gas, and the emplacement of pipelines will not be allowed within the potentially unstable portions of this lease block unless or until the lessee has demonstrated to the DCM's satisfaction that mass movement of sediments, is unlikely or that exploratory drilling operations, structures (platforms), casing, wellheads, and pipelines can be safely designed to protect the environment in case such mass movement occurs at the proposed location. This may necessitate that all exploration for and development of oil or gas be performed from locations outside of the area of unstable sediments, either within or outside of this lease block.

If exploratory drilling operations are allowed, site-specific surveys shall be conducted to determine the potential for unstable bottom conditions. If emplacement of structures (platforms) or seafloor wellheads for production or storage of oil or gas is allowed, all such unstable areas must be mapped. The DCM may also require soil testing before exploration and production operations are allowed.

Stipulation No. 5

(To be included only in the leases resulting from this sale for the net profit share tracts listed in paragraph 4(a) of this notice).

The net profit share payment specified in section 6 of this lease may be satisfied in whole or in part by the lessor taking production in amount rather than in value. However, not more than 16-2/3 percent of the production saved, removed, or sold from the lease area may be taken in amount, except as provided in Sec. 15(d). The net profit share obligations of the lessee shall be calculated to include as a credit, the value of production taken in amount by the lessor.

Stipulation No. 6

(To be included only in the leases resulting from this sale for tracts 66-104, 66-105 and 66-113).

All or portions of this tract may be subject to mass movement of sediments. Exploratory drilling operations, emplacement of structures (platforms) or seafloor wellheads for production or storage of oil or gas, and the emplacement of pipelines will not be allowed within the potentially unstable portions of this lease block unless or until the lessee has demonstrated to the Deputy Conservation Manager's (DCM) satisfaction that mass movement of sediments is unlikely or that exploratory drilling operations, structures (platforms), casing, wellheads, and pipelines can be safely designed to protect the environment in case such mass movement occurs at the proposed location. This may necessitate that all exploration for and development of oil or gas be performed from locations outside of the area of unstable sediments, either within or outside of this lease block.

Prior to the emplacement of exploration or production structures or seafloor production equipment, site-specific surveys and analyses must be conducted to determine the potential mass movement of sediments. These may include geophysical surveys, coring, mapping, in situ or laboratory geotechnical analyses, and other studies specified by the DCM. Permissible loading will be determined on the basis of the site-specific studies. Any facilities which could overload unstable bottom sediments will be prohibited. Quarters, work areas, and hydrocarbon treating and storage equipment must be isolated or protected from the effects of submarine slides. These requirements may necessitate the use of buoyant platforms and storage facilities or remote bottom-founded platforms located in stable sites.

All production wells must be equipped with subsurface-safety devices, as approved by the DCM to automatically prevent the flow of hydrocarbons from the well in the event of damage to the surface-safety systems. Such devices must be located below the zone of potential mass movement.

14. Information to Lessees. The Department of the Interior will seek the advice of the States of Louisiana, Mississippi, Alabama, and Florida, and other Federal agencies, to identify areas of special concern which might require appropriate protective measures for live bottom areas and areas which might contain cultural resources.

If it is determined that live bottom areas might be adversely affected by the proposed activities, then the Deputy Conservation Manager, Offshore Field Operations, USGS, in consultation with the Regional Director, U.S. Fish and Wildlife Service; the Manager, BLM; the States; EPA; and other Federal agencies with jurisdiction and expertise to protect the environment, will require the lessee, pursuant to Section 5(a) of the Outer Continental Shelf (OCS) Lands Act of 1953, as amended, to undertake any measures to protect live bottom areas.

Operations on some of the tracts offered for lease may be restricted by designation of fairways, precautionary zones, or traffic separation schemes established by the Coast Guard pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.). Corps of Engineers permits are required for construction of any artificial islands, installations, and other devices permanently or temporarily attached to the seabed located on the Outer Continental Shelf in accordance with Section 4(e) of the OCS Lands Act, as amended.

Bidders are advised that the Departments of the Interior and Transportation have entered into a Memorandum of Understanding, dated May 6, 1976, concerning the design, installation, operation, and maintenance of offshore pipelines. Bidders should consult both Departments for regulations applicable to offshore pipelines.

Bidders are advised that in accordance with Section 16 of each lease offered at this sale, the lessor may require a lessee to operate under a unit, pooling, or drilling agreement, and that the lessor will give

particular consideration to requiring unitization in instances where one or more reservoirs underlie two or more leases with either a different royalty rate or net profit share payment.

Bidders are advised that the Department of Energy is authorized, under Section 302(b) and (c) of the Department of Energy Organization Act, to establish production rates for all Federal oil and gas leases.

Bidders are advised that the West Indian Manatee (sea cow) is a marine mammal which is officially listed as an endangered species by the Department of the Interior. It is protected by the Endangered Species Act of 1973, as amended (86 Stat. 1027, 16 U.S.C. 1361-1407), and various other State and Federal laws and regulations. On October 22, 1979 (44 FR 60963), Interior promulgated regulations (50 CFR 17.100-17.108) providing a means for establishing manatee protection areas. Also, there is the Florida Manatee Sanctuary Act of 1978 declaring the entire State of Florida as "refuge and sanctuary for the manatee." A Cooperative Agreement between Interior and Florida on endangered species became effective on June 23, 1976.

15. OCS Orders. Operations on all leases resulting from this sale will be conducted in accordance with the provisions of all Gulf of Mexico Orders, as of their effective date, and any other applicable OCS Order as it becomes effective.

/s/ Ed Hastey

Associate Director, Bureau of Land Management

Approved

Date: SEP 14 1981

Certified to be a true copy of the original

Edward J. Lawson

Certifying Officer

Donald Paul Hodel

Acting Secretary of the Interior

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UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Land Management

Outer Continental Shelf, Gulf of Mexico

Notice of Leasing Systems, Sale No. 66

Sec. 8(a)(8) (43 U.S.C. 1337 (a)(8)) of the Outer Continental Shelf (OCS) Lands Act, as amended, requires that, at least 30 days before any lease sale, a notice be submitted to the Congress and published in the Federal Register:

(A) identifying the bidding systems to be used and the reasons for such use; and

(B) designating the tracts to be offered under each bidding system and the reasons for such designation.

This notice is published pursuant to these requirements.

A. Bidding systems to be used. In OCS Sale No. 66, tracts will be offered under the following two bidding systems as authorized by Sec. 8(a)(1) (43 U.S.C. 1337 (a)(1)): (1) bonus bidding with a fixed net profit share on 65 tracts, and (2) bonus bidding with a fixed 16-2/3 percent royalty on 144 tracts.

(1) Bonus Bidding with a Fixed Net Profit Share. This system is authorized by Sec. 8(a)(1)(D) of the OCS Lands Act, as amended. This system was established by Department of Energy (DOE) regulations effective May 14, 1980 (45 Fed. Reg. 36784 May 30, 1980)). This system has been used in seven previous OCS sales. The profit share system designed for this sale may increase competition by generating greater contingency payments to the Government and thereby reducing the initial cash bonus. It may also increase the volume of production because certain allowable capital costs can be deducted prior to any liability for profit share payments. In addition, the profit share system may foster the development of marginal fields when compared to a royalty system since the Government shares more of the risk and the lessees' incremental costs are lower in the presence of a capital recovery.

A profit share system which uses cash bonus as the bid variable avoids percentage bids at high levels which would make future development either economically inefficient or simply uneconomic. In addition, it is easier to administer and unitize adjacent tracts with similar profit share rates. Furthermore, a fixed profit share better assures that firms who can produce at lower costs are more likely to obtain leases than would be the case if it were possible for less efficient firms to simply bid away higher percentages of lower profits.

For 53 tracts, firms will be permitted a capital recovery factor of 0.25 over their actual allowable costs before any profit share payments are due. Seven tracts will have a capital recovery factor of 0.50 and five tracts will have a 1.00 capital recovery factor. The profit share rate selected for this sale is 50 percent. These parameters were selected on the basis of DOE and DOI studies regarding the effect on bonuses, profit-share payments, Government receipts, gross production, minimal economic tract sizes, and particularly on the incentive to alter the production profile.

(2) Bonus Bidding with a 16-2/3 Percent Royalty. This system is authorized by Sec. (8)(a)(1)(A) of the OCS Lands Act, as amended. This system has been used extensively since the passage of the OCS Lands Act in 1953 and imposes greater risks on the lessee than systems with higher contingency payments, but may yield more rewards if a commercial field is discovered. The relatively high front-end payments required may encourage rapid exploration. The use of this system will provide a data base with which to compare the performance of the alternative systems.

(B) Designation of Tracts. The selection of tracts to be offered under the two systems was based on the following factors:

(1) Lease terms on adjacent tracts were considered in order to reduce administrative costs and barriers to unitization, and to enhance orderly development of each field.

(2) A sufficient number of tracts was needed to permit valid statistical analysis while limiting the risks of losses caused by unforeseen problems which could arise in the use of any new bidding system. The number of tracts must also be consistent with the requirements of Sec. 8(a)(5)(B) of the OCS Lands Act, as amended.

(3) The range and distribution of the characteristics of tracts were to be comparable for statistical purposes. Such characteristics include estimated resources, water depth, structure depth, favorable vs. unfavorable location of tracts on structures, and the location of tracts across trends.

The specific tracts to be offered under each system are as follows.

(a) Bonus Bidding with a Fixed Net Profit Share--Tracts 66-10, 66-11, 66-19, 66-20, 66-21, 66-22, 66-32, 66-33, 66-46, 66-48, 66-49, 66-88, 66-90 through 66-97, 66-100, 66-101, 66-104 through 66-107, 66-113, 66-114, 66-119, 66-120, 66-163, 66-164, 66-167 through 66-184, 66-188, 66-189, 66-190, 66-193 through 66-196, 66-199 through 66-202, and 66-205 through 66-208.

(b) Bonus Bidding with a 16-2/3 Percent Royalty--All remaining tracts.

/s/ Ed Hastey
Associate Director, Bureau of Land Management

Approved:

Certified to be a true copy of the original

Donald Paul Hodel
Acting Secretary of the Interior

SEP 14 1981

Edward J. Lawrence
Certifying Officer

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